

# Press Release

**Office of the Kansas Securities Commissioner  
618 S. Kansas Avenue  
Topeka, Kansas 66603-3804**

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## **Wichita Man Sentenced 13 Months for Investment Scams**

Topeka, Kansas-- A Wichita man who promised investors shares in a venture to develop and market salsa lands in the hot seat after state securities regulators discover fraud.

Kansas Securities Commissioner Chris Biggs announced today that Martin Valentine Banuelos, 49, of Wichita was sentenced to a total of 13 months in prison by Judge James Fleetwood. The defendant's request for a dispositional departure was overruled. Banuelos was also ordered to pay \$103,084.86 in restitution to investors.

Banuelos pled guilty to one felony count of Securities Fraud and one felony count of Violating a Cease and Desist Order in Sedgwick County District Court on June 21, 2004 before Judge Clark Owen. Fran Brunner, Associate General Counsel for the Securities Commissioner, prosecuted the case with the assistance of the Sedgwick County Attorney's Office.

In the late 1990s, Banuelos allegedly began recruiting investors for a new salsa product to be marketed to restaurants and grocery stores. An investigation by the Office of the Kansas Securities Commissioner determined that Banuelos obtained funds from investors but never developed or sold a product. In 1999, Banuelos was ordered to Cease and Desist from selling such investments without first obtaining the proper licensing and registration from the Securities Commissioner.

Banuelos ignored the Order and continued to take in money from investors, this time posing as a multi-millionaire developing a new line of frozen dinners. Several individuals invested money, including a legally blind woman who invested nearly \$5,000 after Banuelos promised to give her son an executive position in his company. The dinners were never developed.

### **From Salsa to Dialysis Supplies**

Banuelos' scam also included the health care supply industry. He began recruiting investors to produce a special robe dialysis patients could use to keep themselves warm during their treatment. Banuelos claimed he had already sold 240,000 of the robes to clinics across the country. One person invested \$13,000 then learned that only one robe existed, and that its

“special” features consisted of an embroidered logo and Velcro® sewn into the sleeves by one of Banuelos’ relatives.

While working as a bartender in Wichita, Banuelos convinced members of a traveling polka band to buy \$7,000 in “shares” in yet another project. He claimed to have already sold \$12 million in dialysis robes to clinics and promised that investors would make their money back 30 times over. The robes were never produced.

Special Investigators for the Securities Commissioner found that Banuelos used the investors’ funds for his own personal travel, entertainment, and living expenses.

### **Investor Alert**

Biggs explained that unlicensed people selling unregistered securities and a prior history of regulatory violations should be a red alert for investors. “Information is an investor’s first line of defense against fraud. Always check out the salesperson and the company before investing,” he said.

Before investing, contact the Kansas Securities Commissioner at 1-800-232-9580 and ask:

1. Is the seller or broker licensed to sell securities in Kansas?
2. Is the investment opportunity properly registered?
3. Is there a history of complaints or violations involving the salesperson or company?

Anyone considering offering investments to raise capital for a business should contact the Securities Commissioner to determine if registration and licensing is required before soliciting any investors.

The Securities Commissioner has offices in Wichita and Topeka. Request free investor education brochures by calling 1-800-232-9580 or download them from [www.securities.state.ks.us](http://www.securities.state.ks.us).

The Office of the Kansas Securities Commissioner is charged with administration and enforcement of the Kansas Securities Act under Chapter 17 of the Kansas Statutes. The Office investigates and prosecutes securities fraud, the offer or sale of unregistered securities and the offer or sale of securities by unlicensed stockbrokers or investment advisers. For more information and investor education resources, visit <http://www.securities.state.ks.us>.